

Message Text

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11

ACTION ARA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03

INR-07 NSAE-00 TRSE-00 XMB-02 OPIC-03 SP-02 CIEP-01

LAB-04 SIL-01 OMB-01 AGR-05 FEA-01 DODE-00 PA-01

USIA-06 PRS-01 STR-01 CEA-01 /063 W

----- 063090

R 261856Z FEB 75

FM AMEMBASSY SAN SALVADOR

TO SECSTATE WASHDC 7503

INFO AMEMBASSY GUATEM P DRPRY

AMEMBASSY MANAGUA

AMEMBASSY SAN JOSE

AMEMBASSY TEGUCIGALPA

LIMITED OFFICIAL USE SAN SALVADOR 0785

E.O. 11652: N/A

TAGS: ETRD; ECIN; XK; ES

SUBJECT: CACM - ECONOMIC MINISTERS MEETING RESULTS IN A FREE
TRADE SHOWDOWN

REF: GUATEMALA 1060

GUATEMALA ALSO FOR ROCAP

1. DURING A FEBRUARY 26 CALL ON ECONOMIC MINISTER HIDALGO QUEHL
FEBRUARY 26, ECONOFF RAISED THE TRADE ASPECTS OF THE
MEETING OF CA MINECONS FEBRUARY 20 AND 21, REPORTED BY SUB-
SEQUENTLY RECEIVED REFTEL. THE MINISTER READ FROM A
"RECORD OF THE MEETING" DOCUMENT WHICH HE SAID HE CONTEMPLATED
RELEASING TO THE PRESS LATE FEBRUARY 26 OR 27. IT SAID9 INTER
ALIA, THAT THE GOES, SUPPORTED BY THE GOG, HAD REPUDIATED THE
DECISION TAKEN BY THE VICE ECONOMIC MINISTERS IN LATE JANUARY
WITH REGARD TO ACCEPTING NICARAGUAN 1975 IMPORT QUOTAS ON SHOES
AND TEXTILES. IT ALSO REPORTED THE GOES NOTIFYING THAT IT WOULD
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CONSIDER THE AGREEMENT TO "SELF-REGULATE ITS EXPORTS TO

NICARAGUA", MADE SUBSEQUENT TO THE EARTHQUAKE, TO BE TERMINATED AS OF MARCH 15, SINCE THE REASONS FOR IT NO LONGER PERTAIN. IT EXPRESSED CONFIDENCE HERE HIDALGO SAID THE WORDING CLEARLY IS MEANT TO IMPLY COUNTER MEASURES IF NECESSARY) THAT AN AGREEMENT OVER THIS TRADE ISSUE COULD BE REACHED BY MARCH 15.

2. MINISTER HIDALGO QUEHL SAID HE WAS ATTEMPTING TO ARRANGE A MEETING INVOLVING HIMSELF AND THE ECONOMIC MINISTERS OF NICARAGUA AND GUATEMALA IN MANAGUA FOR FEBRUARY 28, BUT WOULD AGREE TO IT ONLY IF IT WERE KEPT SECRET; HE ASKED THAT WE KEEP THE MATTER IN CONFIDENCE. THE PURPOSE WOULD BE TO OVERCOME CONFRONTATION WITH NICARAGUA AND ACHIEVE THE REMOVAL OF QUOTAS ON AN AMIABLE BASIS.

3. THE MINISTER SAID HE PURPOSEFULLY WORKED TO ISOLATE THE GON IN THE GUATEMALA MEETING. HE SAID THAT IN THE SESSION HE ATTRIBUTED "FREE TRADER" LABELS TO COSTA RICA, SINCE IT CONDITIONED ITS DESIRE FOR QUOTAS ON THE GON QUOTAS, TO THE GON VIA ITS BILATERALS (COMMENT - PERHAPS THIS PROFOUND ATTRIBUTION IS EXPLAINED BY GOES/GON DESIRES TO SMOOTH OVER THINGS WHEN POSSIBLE) AND TO "THE GOG WHICH BACKED ME 100 PERCENT." HE SAID HE RECOUNTED IN THE MEETING THE IMPROVED NICARAGUAN ECONOMIC SITUATION (E.G. 11 PERCENT REAL GROWTH IN 1974) AND WHEN GON MINISTER MARTINEZ TRIED TO DEMUR HE CAUGHT HIM IN OFFICIAL GON STATEMENTS.

4. COMMENT: HIDALGO IDENTIFIED HIS POSITION AS FULFILLING THE DESIRES OF THE SALVADORAN PRIVATE SECTOR AND IN THIS WE AGREE. SALVADOR EXPORTERS, AS REPORTED IN SAN SALVADOR 0513, ARE FED UP WITH THE NICARAGUAN QUOTAS AND HIGHLY CRITICAL OF THE GOES/GOG POST-QUAKE AGREEMENT FAVORING NICARAGUA. THE MINISTER EMPHASIZED THE FIRMNESS OF THE GOES DECISION TO REPUDIATE THE AGREEMENT ALTHOUGH IT WAS CLEAR HE, AND THE GOG, WANTS TO MINIMIZE ILL FEELINGS WITH THE GON. AS OTHER INFORMATION IS DEVELOPED WE WILL COMMENT ON OTHER ASPECTS OF THE ECONMINS MEETING.
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Message Attributes

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Disposition Reason:
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Margaret P. Grafeld
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